

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA

Title III

No. 17-BK-4780-LTS

**JOINT STATUS REPORT OF THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO AND OTHER PARTIES IN INTEREST
REGARDING CONFIRMATION SCHEDULE**

¹The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801). Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.

To the Honorable United States District Judge Laura Taylor Swain:

In the *Order Concerning Informative Motion of the Financial Oversight and Management Board for Puerto Rico Regarding Extension to June 23, 2023 for Certification of 2023 PREPA Fiscal Plan* [ECF No. 3768] (the “Order”), the Court directed the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the sole Title III representative of the Puerto Rico Electric Power Authority (“PREPA” or the “Debtor”) pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² to meet and confer with counsel for the objectors to the *Modified Second Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority* [ECF No. 3296] (as it may be amended, supplemented, or modified, the “Title III Plan”) and file a joint status report (the “Joint Status Report”) by June 21, 2023 at 2:00 p.m. (A.S.T.) “concerning whether and to what extent the parties believe that confirmation-related dates and deadlines should be altered or suspended in advance” of the forthcoming certification of the 2023 PREPA Fiscal Plan (as defined below). *See Order at*

2. This Joint Status Report is being submitted by the following:

- (i) The Oversight Board;
- (ii) National Public Finance Guarantee Corporation (“National”);
- (iii) The Fuel Line Lenders (“FLL”);
- (iv) The Puerto Rico Fiscal Agency and Financial Authority (“AAFAF”);
- (v) The Ad Hoc Group of PREPA Bondholders (the “Ad Hoc Group”), U.S. Bank National Association (the “Trustee”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together, “Assured”), Syncora Guarantee Inc.

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

(“Syncora,” and collectively with the Ad Hoc Group, Trustee, and Assured, “Bondholders”);

- (vi) The Official Committee of Unsecured Creditors (the “Creditors’ Committee”);
- (vii) The Ad Hoc Committee of National Claim Assignees (the “Ad Hoc Committee”);
- (viii) Unión de Trabajadores de la Industria Eléctrica y Riego (“UTIER”);
- (ix) Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica (“SREAEE”);
- (x) Instituto de Competitividad y Sostenibilidad Económica de Puerto Rico (“ICSE”);
- (xi) PV Properties, Inc. (“PV Properties”); and
- (xii) Comité Diálogo Ambiental, Inc., El Puente de Williamsburg, Inc.-Enlace de Acción Climática, Comité Yabucoño Pro-Calidad de Vida, Inc., Alianza Comunitaria Ambientalista del Sureste, Inc., Sierra Club Puerto Rico, Inc., Mayagüezanos por la Salud y el Ambiente, Inc., Coalición de Organizaciones Anti Incineración, Inc., and Amigos del Río Guaynabo, Inc. (collectively, the “Environmental Advocacy Groups,” and together with Bondholders, UCC, Ad Hoc Committee, UTIER, SREAEE, ICSE, and PV Properties, the “Objectors”).³

I. Background

1. On June 17, 2023, the Oversight Board filed the *Informative Motion of the Financial Oversight and Management Board for Puerto Rico Regarding Extension to June 23, 2023 for Certification of 2023 PREPA Fiscal Plan* [ECF No. 3767]. Therein, the Oversight Board informed the Court that it was unable to responsibly certify a fiscal plan for PREPA for fiscal year

³ As of the filing of the Joint Status Report, counsel for the Oversight Board had not received notice from counsel for PV Properties, ICSE, or the Environmental Advocacy Groups as to whether they are in agreement with the language of the Joint Status Report.

2023 (the “2023 PREPA Fiscal Plan”) by its anticipated deadline of June 16, 2023, and committed to certifying the 2023 PREPA Fiscal Plan and identifying any necessary amendments to the Title III Plan by June 23, 2023. The Oversight Board further committed to upload to the Plan Depository the model and other source data supporting the 2023 PREPA Fiscal Plan as soon as they are available.

2. On June 18, 2023, the Court entered the Order, requiring the Oversight Board to meet and confer with counsel for the objectors and file this Joint Status Report. Additionally, the Court directed the Oversight Board to meet and confer with counsel for the objectors within 24 hours of the certification of the 2023 PREPA Fiscal Plan and file an additional status report by June 28, 2023 (the “June 28 Status Report”).

3. Following entry of the Order, Bondholders filed the *Urgent Motion of the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., Syncora Guarantee, Inc., and U.S. Bank National Association as PREPA Bond Trustee to Suspend Upcoming Confirmation Deadlines Due to the Oversight Board’s Delay in Certifying PREPA’s 2023 Fiscal Plan* [ECF No. 3769] (“Bondholders’ Urgent Motion”). Therein, Bondholders requested the Court suspend the June 21, 2023 deadlines for filing finalized witness lists, exhibit lists, and deposition designations, and the June 26, 2023 deadline for filing witness declarations. The Oversight Board did not object to Bondholders’ requested relief.

4. On June 19, 2023, in response to Bondholders’ Urgent Motion, the Court entered the *Order Suspending Certain Confirmation Deadlines* [No. 3770], suspending the deadlines for filing finalized witness lists, exhibit lists, deposition designations, and witness declarations.

5. On June 20, 2023, consistent with the Order, counsel for the Oversight Board met and conferred with counsel for National, FLL, AAFAF, and the Objectors to discuss whether and

to what extent upcoming confirmation-related dates should be altered or canceled in advance of the issuance of the 2023 PREPA Fiscal Plan and the forthcoming June 28 Status Report. Counsel for the Oversight Board informed the Objectors that the Oversight Board (i) still anticipates certifying PREPA's 2023 Fiscal Plan this Friday, June 23; (ii) intends, in connection with such certification, to describe any changes that it anticipates proposing to the plan of adjustment, but will not actually file a new or amended plan this Friday; and (iii) consistent with prior practice, it may take up to two weeks following any fiscal-plan certification to provide models and data underlying the new fiscal plan to Objectors, although the Oversight Board would endeavor to provide the materials as soon as possible.

II. All Remaining Confirmation-Related Deadlines Should be Canceled.

6. The Court already has suspended, pending further order, the deadlines for filing finalized witness lists, exhibit lists, deposition designations, and witness declarations. *See* ECF No. 3770. In light of the announced actions of the Oversight Board with respect to the 2023 PREPA Fiscal Plan and the anticipated changes to the Title III Plan, there was a consensus that there was no choice but to request that all remaining confirmation-related deadlines be canceled.

7. Concurrently with this Joint Status Report, the Oversight Board will be filing an urgent motion formally requesting the cancellation of all remaining confirmation-related deadlines, including the currently scheduled dates for the hearing on confirmation of the Title III Plan.

8. As required by the Order, the Oversight Board will meet and confer with National, FLL, AAFAF, and the Objectors following the certification of the PREPA 2023 Fiscal Plan. In the June 28 Status Report, the Oversight Board expects to be able to provide information concerning whether and when a proposed supplemental disclosure statement and full proposed amended plan can be filed, and the path forward towards confirmation. The Oversight Board will

advise the Court as to whether it believes any resolicitations are required and whether it believes the proposed supplemental disclosure statement requires approval of the Court prior to such solicitations; the Objectors reserve all rights with respect to the foregoing, pending the receipt of additional information.

Oversight Board's Statement:

9. The Oversight Board disagrees with the Bondholders' statement below. Due to timing constraints, the Oversight Board will not address the Bondholders' statement in this Joint Status Report, but reserves the right to respond in due course.

Bondholders' Statement:

10. Bondholders agree that the Oversight Board's recent announcements render the existing confirmation-related schedule untenable. They do not agree in advance, however, to whatever "path forward towards confirmation" the Oversight Board may propose. To the contrary, the Bondholders submit that the Oversight Board's repeated failures to meet its self-imposed deadlines to certify a fiscal plan and the Court's scheduling orders amount to undue delay that harms PREPA's creditors and the Commonwealth.

Creditors' Committee's Statement:

11. The Committee also agrees that the Oversight Board's recent announcements render the existing confirmation-related schedule untenable. The Committee reserves all rights with respect to whatever "path forward towards confirmation" the Oversight Board may propose.

UTIER and SREAE's Statement:

12. UTIER and SREAE agree that the Oversight Board's recent announcements render the existing confirmation-related schedule untenable and reserves all rights with respect to whatever "path forward towards confirmation" the Oversight Board may propose.

AAFAF's Statement:

13. The importance of getting PREPA's restructuring right is paramount. There is an opportunity here to shape the future of Puerto Rico's energy sector and Puerto Rico more broadly, but only if the Title III Plan is affordable, feasible, and sustainable. PROMESA requires that the Oversight Board schedule fiscal plan certifications each fiscal year.⁴ If the Oversight Board needs more time to address whether the Title III Plan is affordable, feasible, and sustainable in light of the 2023 PREPA Fiscal Plan, then AAFAF believes it should do what is necessary to fulfill its responsibilities and statutory obligations. The Oversight Board must do everything it can to (i) keep electric rates affordable; and (ii) preserve Puerto Rico's economy and PREPA's functionality by ensuring that PREPA's restructured debt is sustainable. This is the only way to protect the residents and businesses of Puerto Rico and to safeguard PREPA from future restructurings. AAFAF reserves all rights with respect to any amended Title III Plan and path forward.

⁴ See 48 U.S.C. §§ 2141(a) (noting that "in each fiscal year [(i.e., July 1 to June 30)] . . . during which the Oversight Board is in operation, the Oversight Board shall deliver a notice to the Governor providing a schedule for the process of development, submission, approval, and certification of Fiscal Plans").

Dated: June 21, 2023
New York, New York

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ Hermann D. Bauer
Hermann D. Bauer